

January 15, 1976

tax on the \$632.30, under 382. Under my amendment, he would pay a personal income tax on \$221.31. That business entity setting either on main street or across the railroad tracks, wherever it may be, does not pay that tax now. The individual pays it, but if my amendment is adopted, the individual will pay on \$221.31 and that business entity would pay on \$410.99. Now that is the only difference of who pays it and what rate he pays it. One pays on the corporate rate. The other pays on the individual rate.

SENATOR KREMER: But if I am paying it on the individual rate, chances are that I will be paying at a higher rate than under the present corporate rate, am I right?

SENATOR BURBACH: This is possible, and you may have lost, had some bad reverses in your cattle feeding operations, Senator Kremer.

SENATOR KREMER: I have had that.

SENATOR BUREACH: You have had that and are probably expecting it real soon after the news this morning and you may not pay any tax on \$221.00 or \$632.00. You had a good year in the cattle feeding operation and you may be in the 50, 60, 70 percent bracket and you would be paying on money that you do not have control of. Sure you are a member, you are a stockholder, you can't always convince no more than we can convince all of the other 48 members of this body. You cannot always convince that Board of Directors to give you all of this money at the time that you want at a greater percent. In this instance, it is about a third payout and two thirds retained.

SENATOR KREMER: I will agree with you that on a certain specific year, this could be true but over the long pull it will not be true. I don't believe it would be.

SENATOR BURBACH: Senator Kremer, if you recall the discussion in 1967 where we were attempting to have a corporate rate structure as close, and we used many examples on the floor and I believe we even used a blackboard, that the rate for the individual, and we had to use an average rate of individual return for the state of Nebraska, if you recall. A few years later, Senator Waldo, maybe four years later, he indicated and he had a lot of figures to prove his case, that the corporate rates were increased at that time, after Senator Waldo introduced the bill. Then they were suppose to have been absolutely identical again, and maybe we need to do this somewhere down the road, but one of the things, when we increase our personal income, the corporate rates also are increased.

SENATOR KREMER: Thank you. Two more questions, the amount of savings, and co-ops are treated as savings and not as a earnings, is this right? That is the difference between a corporation and a co-op, do you agree with that?